



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Testimony Insurance and Real Estate Committee March 15, 2016

#### **Senate Bill No. 433 – An Act Concerning Standards and Requirements for Health Carriers' Provider Networks and Contracts Between Health Carriers and Participating Providers.**

Senator Crisco, Representative Megna, Rankings Members, and members of the Insurance and Real Estate Committee, the Insurance Department would like to thank the Committee for introducing this initiative on our behalf and raising **Senate Bill No. 433 An Act Concerning Standards and Requirements for Health Carriers' Provider Networks and Contracts Between Health Carriers and Participating Providers.**

We believe this is a very strong piece of consumer protection that if enacted establishes the process that:

- Ensures consumer have a sufficient number providers in their health plan network and that medical referral patterns and hospital admitting privileges are taken into consideration
- Ensures there are appropriate types of providers who offer the scope of services needed, particularly behavioral health and substance abuse treatment
- Improves transparency and disclosure of accurate provider directories, including who is accepting new patients

As you know, the current state law requires health insurer provider networks to be certified by nationally recognized third party accreditation organizations that develop health care quality standards and measure performance against the standards, the National Committee for Quality Assurance (NCQA) or the Utilization Review Accreditation Commission (URAC). This bill continues those safeguards while applying additional protections.

Additionally, this bill provides consumer protection amid the complexities of some current health plan product offerings, such as networks that reflect tiered co-pay levels (including those based upon provider quality designation), narrow networks, and other forms of network innovation. This would result in more availability and affordability, however, it is important to have a process in place to ensure consumers have adequate access to care. Senate Bill 433 is that vehicle that will give us the regulatory oversight we need to make certain Connecticut consumers are protected.

**About the Connecticut Insurance Department:** The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.

Although this bill is the result of a year-long collaboration among members of the National Association of Insurance Commissioners (NAIC), consumers advocates, carriers and providers, it is important to note that it allows Connecticut to decide how best to regulate the network adequacy for our Connecticut citizens.

It is our intent to continue to build on the recent consumer protection gains we have made thanks to the support of this committee. Last year we took steps to protect consumers from surprise billing and this bill will help us all advance that process. We are committed to working with all stakeholders on this legislation.

The Department thanks the Insurance Committee Chairs and members for the opportunity to submit testimony in support of S.B. 433.

**About the Connecticut Insurance Department:** The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.